

# PENSION FUND COMMITTEE

## MINUTES

### 29 JULY 2014

<b>Chairman:</b>	* Councillor Keith Ferry	
<b>Councillors:</b>	* Barry Macleod-Cullinane	* Bharat Thakker
	* Adam Swersky	
<b>Co-optee (Non-voting):</b>	* Howard Bluston	Steve Compton
		† Pamela Belgrave
<b>Adviser (Non-voting):</b>	* Colin Robertson	* Honorary Alderman Richard Romain

[Note: Mr Colin Cartwright of Aon Hewitt attended in an advisory role, as the Council's Adviser.]

- \* Denotes Member present
- † Denotes apologies received

## RECOMMENDED ITEMS

### 6. London Pensions Collective Investment Vehicle

Further to the last meeting, at which it was resolved to defer a decision as to whether to join the Collective Investment Vehicle (CIV), the committee received a report of the Director of Finance and Assurance which set out the latest developments on the establishment of the CIV.

Members discussed the structure and governance of the CIV and views were expressed regarding whether:

- the London Council's Leaders Committee had sufficient in depth training on, and knowledge of, pensions management administration;

- there was sufficient information to confirm that the CIV would be autonomous;
- Authorities could be joining due to the belief that the Government would otherwise require pension funds to invest in certain schemes;
- other London Boroughs were joining without compulsion, could withdraw at a later date. The scheme had the benefit of the scale of economies together with enormous benefits for ratepayers by way of a reduction in contributions.

It was noted that:

- the governance structure enabled the Chairman of the Pension Fund Committee to represent Harrow Council on the committee that would decide on the ACS operator and investment managers;
- there would be no loss of sovereignty as membership would enable participation without having to invest;
- if Harrow Council did not become a shareholder there would be less ability to contribute to development of the CIV;
- whilst the representatives of the subscribing Councils would take the lead, Harrow Council would have the ability to invite fund managers to Harrow and to invest with the asset managers of its choice.

The Committee was advised that:

- consideration should be given to the benefits of passive or active management. There needed to be a clear mandate, discussion on the number of managers and how specialist the mandate should be;
- in order to obtain FCA regulation a formally constituted oversight committee was required. The committee would procure management services, receive set up costs, with one representative from each signed up Borough involved in decision-making. The Council would not obtain a seat on the joint committee table if it was not involved in the set up;
- at the NAPF Local Government Conference it was made clear that there would be no coercion to join or penalties;
- the Leader of the Council had attended the London Councils meeting held on 15 July.

Members supported involvement in the meetings at member and officer level to ascertain the governance arrangements with a further report to the November meeting.

**Resolved to RECOMMEND:** (to Council)

That the Council:

- (1) becomes a shareholder in a private company limited by shares which will be incorporated to be the Authorised Contractual Scheme Operator (the “ACS Operator”) of the Collective Investment Vehicle;
- (2) contribute £1 to the ACS Operator as initial capital;
- (3) delegate to the Chairman of the Pension Fund Committee authority to act for the Council in exercising its rights as a shareholder of the ACS Operator and to authorise the Vice Chairman of the Pension Fund Committee to act in his absence and;
- (4) agree to join the London Boroughs’ “Pensions CIV Joint Committee” to be formed under Section 102 of the Local Government Act 1972 and to delegate to such Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors.